

July 23, 1999

YVONNE D. MAGUIRE
VICE PRESIDENT
HUMAN RESOURCES

SUBJECT: Procurement Training for Contract Employees Assigned
to Facilities Project Manager Positions
(Letter Advisory LA-FA-99-002)

Attachment 1 is the subject advisory previously issued to you on January 29, 1999. Attachment 2 contains your April 19, 1999 response, which we considered responsive to the issues raised. We are reissuing the two attachments as one document, (LA-FA-99-002, dated July 23, 1999) for audit tracking purposes only. No action is required on your part.

If you have any questions or need additional information, please contact [REDACTED], or me at (703) 248-2300.

//Signed//
Sylvia L. Owens
Assistant Inspector General
for Revenue Cost/Containment

Attachments

cc: Alan B. Kiel
John R. Gunnels



OFFICE OF INSPECTOR GENERAL

January 29, 1999

99RR003FA000

**YVONNE D. MAGUIRE, VICE PRESIDENT
HUMAN RESOURCES**

**SUBJECT: Procurement Training for Contract Employees Assigned to Facilities Project
Manager Positions**

The Office of the Inspector General (OIG) is currently conducting an investigation of a Facilities' contractor regarding defective work and noncompliance with the United States Postal Service (USPS) contract specifications during construction of a Maryland post office. Thus far, these contract irregularities have resulted in USPS paying a replacement contractor approximately \$370,000 to correct deficient and defective work. During the investigation, the OIG also discovered that the Facility Service Office (FSO) project managers were contract employees who were exposed to contractual and compliance issues with the general contractor throughout the entire project. Although these problems were subsequently forwarded to the contracting officer, the FSO project managers were on-site and in a position to recognize if the contractor's performance, responsiveness and compliance adhered to USPS contracting policies and procedures.

This letter addresses the OIG's concerns regarding the lack of USPS sponsored procurement training provided to FSO contract employees assigned to project manager positions. These contract employees' duties involve administration of contracts, including review and negotiation; contract modifications; processing progress payments; reviewing contractor construction schedules and compliance issues; and coordinating with the Architectural and Engineering Firm. Although some of these project managers may have a vast amount of contracting experience, the USPS procurement process is unique and quite different from the private sector or other government agencies. During our investigation, the OIG discovered that even though these contract employees were responsible for as many as 15-30 construction projects, they were only allowed to receive on-the-job-training regarding the intricacies of postal contracting procedures.

OIG coordination with Facilities management revealed that managers were interested in providing USPS procurement training to their contract project managers. Facilities managers reported that on several occasions procurement training was requested for their contract employees, but the Human Resources Office did not approve the requests. Further review by the OIG and USPS personnel disclosed that contract employees are in fact authorized to receive Postal Service training with the appropriate approvals. More

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specifically, according to USPS Employee Labor Manual section 717, contract employees may participate in postal training programs if approved by the Vice President of Human Resources, and if training can be provided without interfering with postal needs.

Since the USPS contracting process is unique to the Postal Service, Facilities management should be allowed to offer contract project managers USPS procurement training if there are situations where training would be in the best interest of the Postal Service. This training would afford Facilities contract project managers the opportunity to understand USPS policies regarding contract administration, performance, and compliance issues that will help protect USPS assets and programs from fraud, waste, and abuse.

Based on our review, we recommend that Human Resources:

- Provide favorable consideration of requests presented by Facilities for training of contract personnel in USPS procurement and other appropriate topics.

I would like to thank Mr. Rudolph Umscheid and his staff for their cooperation and support in this matter. If you have any questions, or if we can be of further assistance to you, please do not hesitate to contact [REDACTED] at (703) 248-2300.

Sincerely,



Sylvia L. Owens
Assistant Inspector General
for Revenue Cost/Containment

cc: Rudolph Umscheid
Vice President, Facilities



April 19, 1999

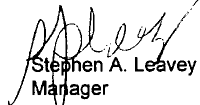
ROBERT M. BUETTGENS

SUBJECT: Contractor Training

This memorandum confirms our discussion relative to approving training requests for contract facility project managers. We agree that this level of contractor when trained in postal practices and policies will not only be more effective in fulfilling their work assignment, but also insuring that all regulatory and procedural requirements are accomplished.

It is understood that our agreement is not a blanket approval, but rather an indication that favorable consideration would be given to each documented request. Further, that the Postal Service will be reimbursed training and work hours should the individual who was trained leaves their assignment in less than one year from the date trained.

If you have any questions or need additional information, please call me.


Stephen A. Leavey
Manager

cc: Mrs. Maguire

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